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LISTING STATEMENT NO. 2421

LISTED DECEMBER 19, 1969
892,166 Common Shares without par value, of which 50,000 Shares are subject to issuance.
Stock Symbol "VDH"
Post Section 4.1
Dial Quotation No. 2338



THE TORONTO STOCK EXCHANGE

LISTING APPLICATION

VAN DER HOUT ASSOCIATES LIMITED

Incorporated under the Laws of the
Province of Ontario by Letters Patent dated December 20, 1946

CAPITALIZATION AS AT SEPTEMBER 30, 1969

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common Shares — No Par Value	1,500,360	842,166	892,166*
*of which 50,000 are subject to issuance.			

1. APPLICATION

Van Der Hout Associates Limited (hereinafter called the "Company") hereby makes application for the listing on the Toronto Stock Exchange of 892,166 common shares, without par value, in the capital stock of the Company, of which 842,166 have been issued and are outstanding as fully paid and non-assessable. The remaining 50,000 common shares included in this application are reserved for issuance to certain key employees under an employees' stock option plan.

2. HISTORY

The Company was formed in 1946 and commenced operations as a distributor of a variety of products to the automotive trade in Canada.

In 1956 the Company acquired, for cash, the business of the Vic Mathewson Company, another national distributor of automotive products, one such product being Gabriel brand shock absorbers, imported from the United States.

In 1959 the Company jointly formed Gabriel of Canada Limited with the Gabriel Co. of Cleveland, for the purpose of manufacturing shock absorbers in Canada. Van Der Hout Associates holds 49% of the common stock of Gabriel of Canada, is in complete control of management, and by the structure of the Company's By-laws effectively has a 50% voice at the Board level.

The Gabriel Co. of Cleveland, holder of 51% of Gabriel of Canada's common shares, was acquired in 1962 by Maremont Corporation of Chicago which continues in partnership with Van Der Hout Associates in Gabriel of Canada.

In 1965 the Company acquired 100% of the issued and outstanding capital of Nelmor Corporation (Canada) Limited, a manufacturer of automotive accessories.

In 1968 Van Der Hout Associates Limited acquired 100% of the issued and outstanding common shares of Jaco Catalogue Equipment Limited of Orangeville, Ontario, which company beneficially owns 100% of the issued and outstanding capital of J. C. Adams Co. Limited which, in turn, owns 51% of the issued and outstanding capital of Permatex-Pep Limited. These companies manufacture and distribute a variety of products for automotive and other uses.

3. NATURE OF BUSINESS

The Company and its affiliates manufacture shock absorbers, specialty chemicals and sealants, service station equipment, and other automotive parts and accessories. These and other products are distributed on a nation-wide basis.

For details of the operations of the subsidiaries, see item 9.
The Company and its affiliates employs approximately 700 people.

4.

INCORPORATION

The Company was incorporated under the laws of the Province of Ontario by Letters Patent dated December 20, 1946, with an authorized capital of \$40,000, divided into 20,000 5% non-cumulative, non-voting, redeemable preference shares, par value \$1.00 and 20,000 Common shares par value \$1.00.

Of the said preference shares, 10,000 were allotted and issued at par in 1947 and were redeemed and cancelled in 1948, leaving 10,000 preference shares authorized and unissued.

By Supplementary Letters Patent, dated May 19, 1961, the Company was converted from a private to a public company. At that time the 10,000 unissued preference shares were reclassified, subdivided and changed into 350,000 Common shares without par value; the 14,996 unissued Common shares were subdivided and changed into 524,860 unissued Common shares without par value; and the 5,004 issued Common shares were subdivided and changed into 625,500 issued Common shares without par value.

Pursuant to an agreement dated May 26, 1961, between the Company and an underwriter, the Company issued and sold 150,000 Common shares without par value.

5.

SHARE ISSUES DURING PAST TEN YEARS

(a) Common Shares, \$1.00 par value: None

(b) Preferred Shares, \$1.00 par value — 5% non-cumulative; non-voting; redeemable: None

(c) Common Shares, no par value:

DATE OF ISSUE	NO. OF SHARES	AMOUNT PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
May 19, 1961	625,500	\$.008	\$ 5,004	arising with the subdivision and reclassification of 5,004 "old" common shares at the rate of 125 "new" common shares for each "old" common share.
May 26, 1961	150,000	\$2.25	\$337,500	to provide additional working capital.
Oct. 31, 1968	66,666	\$4.50	\$300,000	as part consideration for the acquisition of 100% of the issued and outstanding common shares of Jaco Catalogue Equipment Limited.

6.

STOCK PROVISIONS AND VOTING POWERS

Common shares without par value constitute the Company's only class of share capital. Each share carries one vote. All common shares rank equally on liquidation and are entitled to participate equally in dividends.

7.

DIVIDEND RECORD

The Company has not paid any dividend on its shares.

8.

RECORD OF PROPERTIES

See Schedule A (page 5).

9.

SUBSIDIARY AND ASSOCIATE COMPANIES

See Schedule B (page 5).

The required data is preceded by a chart indicating the parent-subsidary relationships to aid in clarifying the material following.

10.

FUNDED DEBT

J. C. ADAMS COMPANY LIMITED — Mortgage payable — 6% — payable quarterly in installments of \$1,000 — matures June 1, 1975.

Principal outstanding 12/31/68: \$26,000.

Payments current during 1969.

Interest dates: December 1st, March 1st, June 1st, September 1st.

GABRIEL OF CANADA LIMITED

(1) 6% Debenture due April 17, 1973, secured by (a) a first mortgage on the real property of the Company, (b) a first floating charge on the undertakings and all assets of the Company, (c) a sub-lease on the lands and premises situated at 3600 Lakeshore Boulevard West for the term of the lease, and (d) a fixed charge on all machinery and equipment (other than motor vehicles).

Principal outstanding 12/31/68: \$1,260,000.

Payable \$21,000 monthly, plus interest.

Payments current during 1969.

Interest Dates: 15th of each month.

- (2) Pursuant to agreements (Fall of 1969) with the Federal Department of Industry, Gabriel of Canada has received additional financing to continue its programme of expansion and vertical integration.

The new loans aggregate \$1,978,500 and are structured as follows:

A.A.B. (Adjustment Assistance Board)

Principal Amount: \$925,000.

Interest Rate: 8-7/16%.

Term of Loan: 96 months (to March 15, 1978).

Payments: Monthly — principal plus interest.

Security: Debenture — as in No. 1.

I.M.D.E. (Industry Modernization for Defense Export)

Principal Amount: \$1,053,500.

Interest Rate: Nil.

Term of Loan: 60 months (to April 1, 1975).

Security: As in No. 1.

Payments: Principal repayable at rate of:

10% of principal on April 1, 1971, 1972, 1973, 1974 and 1975 — balance forgiven.

11.

OPTIONS, UNDERWRITINGS, ETC.

(a) The Company has granted to certain key employees options to purchase a total of 50,000 common shares at \$4.00 exercisable at any time between October 31, 1969, and October 31, 1974. In addition, the Company intends to provide an additional 150,000 common shares for key employee options in this same period, the aggregate of all options (200,000 common shares) to be exercisable as follows:

40,000 @ \$4 after October 31, 1969

40,000 @ \$5 after October 31, 1970

40,000 @ \$6 after October 31, 1971

40,000 @ \$7 after October 31, 1972

40,000 @ \$8 after October 31, 1973

(b) There are no underwriting agreements outstanding.

(c) There are no issued shares of the Company held for the benefit of the Company.

(d) There are 66,666 common shares of the Company, being part consideration on the purchase of Jaco Catalogue Equipment Limited and its subsidiaries, held in escrow by the Guarantee Trust Company.

The shares are held pursuant to an Escrow agreement and are to be released to the Jaco vendors, pro-rata, at the rate of 20% per annum, the first such release to be made October 31, 1969.

12.

LISTING ON OTHER STOCK EXCHANGES

The common shares of the Company were originally listed on the Canadian Stock Exchange in 1961.

13.

STATUS UNDER SECURITIES ACTS

Particulars of any filing, registration, approval or qualification with any securities commission or any corresponding governmental body or authority are as follows:

1. In June, 1961, the company sold 150,000 shares to the public in Ontario and Québec pursuant to a Prospectus filed with the Ontario and Québec Securities Commission.

2. By letter dated April 12, 1962, the company received notice from the Securities and Exchange Commission that Registration was effective.

3. By letter dated October 9, 1968, the Québec Securities Commission gave its approval to the issuance of 66,666 common shares of the company as partial consideration on the acquisition of 100% of the outstanding common shares of Jaco Catalogue Equipment Limited. On October 25, 1969, the Ontario Securities Commission gave similar approval.

14.

FISCAL YEAR

The fiscal year of the Company ends on December 31st of each year.

15.

ANNUAL MEETINGS

The By-Laws of the Company provide that the annual meeting of the Company shall be held at the head office of the Company or at such other place in Ontario on such date in each year as the Board of Directors may determine from time to time.

The last Annual Meeting was held at the Valhalla Inn, Islington, Ontario, May 14, 1969.

16.

HEAD AND OTHER OFFICES

The head office is located at 3600 Lakeshore Boulevard West, Etobicoke, Ontario.

17. **TRANSFER AGENT**
The Transfer Agent of the Company is:
Guaranty Trust Company of Canada, 366 Bay Street, Toronto, Ontario.

18. **TRANSFER FEE**
No fee is charged on stock transfers other than the customary Government stock transfer taxes.

19. **REGISTRAR**
The Registrar of the Company is:
Guaranty Trust Company of Canada, 366 Bay Street, Ontario.

20. **AUDITORS**
The auditors of the Company are:
Laventhol, Krekstein, Horwath & Horwath, Chartered Accountants, 160 Bloor Street East, Toronto, Ontario.

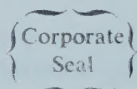
21. **OFFICERS**
The Officers of the Company are:

NAME	OFFICE	HOME ADDRESS
J. B. Van Der Hout	President	Toronto, Ontario
V. L. Van Der Hout	Vice-President	Toronto, Ontario
E. E. Noonan	Secretary-Treasurer	Toronto, Ontario
R. A. Edwards	Assistant to the President	Toronto, Ontario

22. **DIRECTORS**
The directors of the Company are:

NAME	HOME ADDRESS
J. B. Van Der Hout	33 Harrison Road, Willowdale, Ontario
V. L. Van Der Hout	77 Clarendon Road, Toronto, Ontario
E. E. Noonan	Apartment 1907, 40 Pleasant Boulevard, Toronto, Ontario
R. A. Edwards	14 Manor Crescent Drive, Willowdale, Ontario

CERTIFICATE
Pursuant to a resolution duly passed by its Board of Directors, Van Der Hout Associates Limited hereby applies for listing of the above-mentioned securities on the Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



VAN DER HOUT ASSOCIATES LIMITED
Per: "J. B. VAN DER HOUT",
President

Per: "E. E. NOONAN",
Secretary-Treasurer

DISTRIBUTION OF COMMON STOCK AS OF NOVEMBER 25, 1969							Shares
Number	24	Holders of	1 — 24	share lots			
	24	" "	25 — 99	" "			311
	273	" "	100 — 199	" "			12,869
	641	" "	200 — 299	" "			65,841
	286	" "	300 — 399	" "			57,727
	82	" "	400 — 499	" "			24,750
	45	" "	500 — 999	" "			18,312
	113	" "	1000 — up	" "			65,430
	100	" "					596,926
	1,564	Shareholders				Total shares	842,166

RECORD OF PROPERTIES — SEPTEMBER 30, 1969 **SCHEDULE A**

DESCRIPTION		SQUARE FOOTAGE	CONDITION	NATURE OF HOLDING	MORTGAGE DEC. 31, 1968
3600 Lakeshore Boulevard West (H.O. and Plant #1)	ETOBICOKE, ONTARIO	65,000	Good	Leased	N/A
930 Thermal Road (Plant #2)		20,000	Good	Leased	N/A
3540 Lakeshore Boulevard West (Plant #3)		64,000*	Good	Owned	**
50 Mill Street, Orangeville, Ontario		75,000	Good	Owned	\$26,000
971 Powell Avenue St. James, Winnipeg 21, Manitoba		6,000	Good	Leased	N/A
4036 - 7th Street S.E., Calgary, Alberta		5,000	Good	Leased	N/A

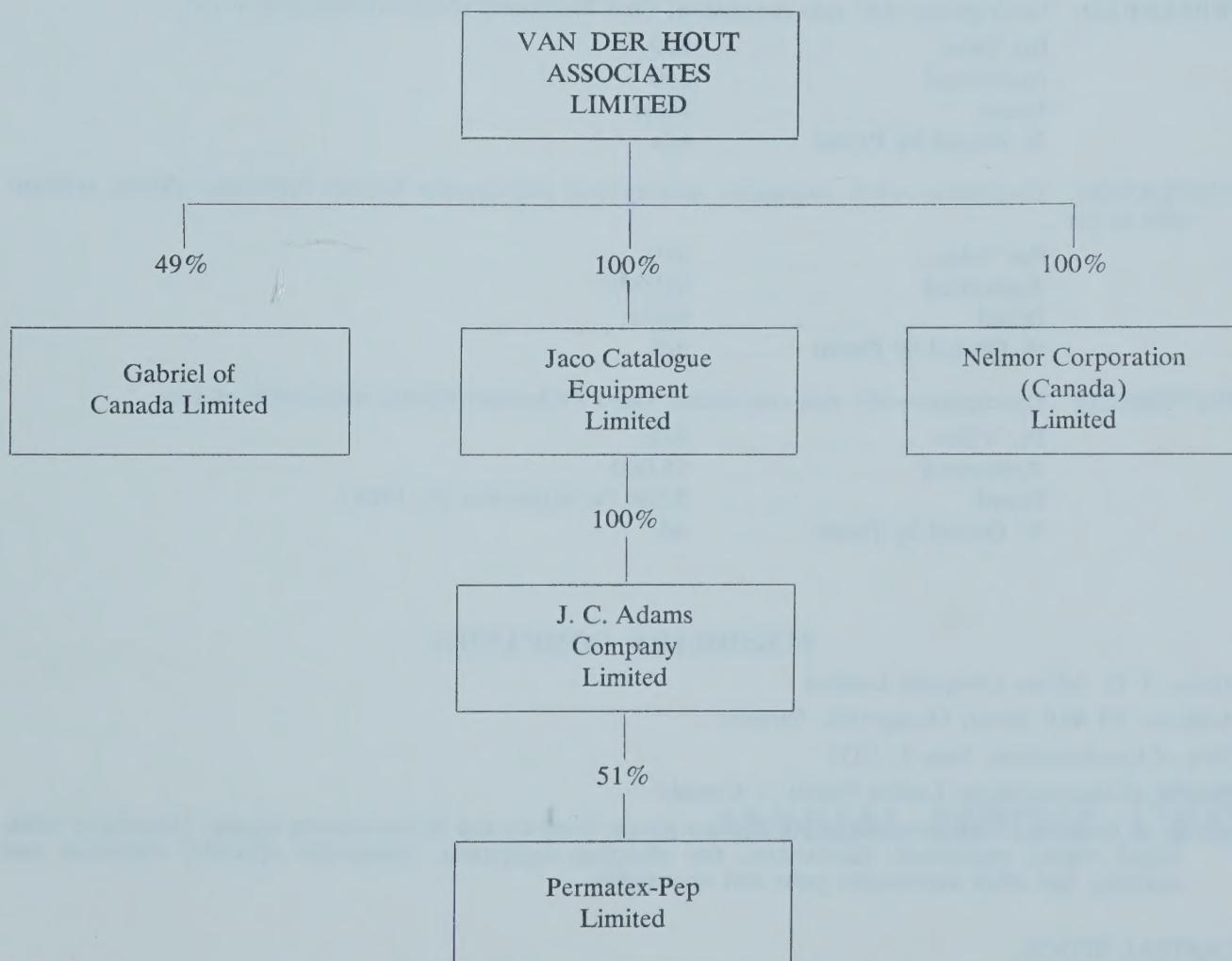
*At October 1, 1969, a 95,000 square foot addition is being added to plant #3.

**Gabriel of Canada Limited, the owner of plant #3, is liable to HRH the Queen in the right of Canada, under a 6% debenture due 1973 secured by (1) a first mortgage on the property, (2) a first floating charge on the undertakings and all assets of the Company, (3) a sub-lease on lands and premises situated at 3600 Lakeshore Boulevard West for the term of the lease, and (4) a fixed charge on all machinery and equipment (other than motor vehicles). At December 31, 1968, the principal amount was \$1,260,000, \$252,000 of which is due in 1969, and payments are current.

CORPORATE STRUCTURE

SCHEDULE B

(Percentages indicate holdings of voting stock which is in all cases Common Shares)



SUBSIDIARY COMPANIES

Name: Nelmor Corporation (Canada) Limited

Address: 3600 Lakeshore Boulevard West, Etobicoke

Date of Incorporation: November 23, 1950

Manner of Incorporation: Letters Patent — Ontario

Nature of Business: Manufactures and distributes automotive accessories, mainly rear-view mirrors.

CAPITAL STOCK:

COMMON:	Par Value	n.p.v
	Authorized	4,000
	Issued	3,000
	% Owned by Parent	100%

PREFERRED: Description—5% non-cumulative, non-voting, redeemable at par.

Par Value	\$10.00
Authorized	3,600
Issued	None
% Owned by Parent	n/a

SUBSIDIARY COMPANIES

Name: Jaco Catalogue Equipment Limited

Address: 50 Mill Street, Orangeville, Ontario

Date Of Incorporation: September 26, 1961

Manner Of Incorporation: Letters Patent — Canada

Nature of Business: Manufactures and distributes catalogue binders, counter racks, and salesmen's binders.

CAPITAL STOCK:

COMMON:	Par Value	n.p.v
	Authorized	69,000
	Issued	50,000
	% Owned by Parent	100%

PREFERRED: Description—6% non cumulative, First Preference shares, redeemable at par.

Par Value	\$10
Authorized	350
Issued	None
% Owned by Parent	n/a

PREFERRED: Description—6% cumulative sinking fund participating Second Preference shares, redeemable at par.

Par Value	\$10
Authorized	\$20,000
Issued	None
% Owned by Parent	n/a

PREFERRED: Description—6% non-cumulative Third Preference shares, redeemable at par.

Par Value	\$15
Authorized	25,000
Issued	8,300 (at September 30, 1969)
% Owned by Parent	nil

SUBSIDIARY COMPANIES

Name: J. C. Adams Company Limited

Address: 50 Mill Street, Orangeville, Ontario

Date of Incorporation: June 1, 1931

Manner of Incorporation: Letters Patent — Canada

Nature of Business: Manufactures and distributes garage creepers and service station signals. Distributes wind-shield wiping equipment, thermostats, tire changing equipment, automotive specialty chemicals and sealants, and other automotive parts and accessories.

CAPITAL STOCK:

COMMON:	Par Value	n.p.v
	Authorized	100,000
	Issued	35,005
	% Owned by Parent	100%

PREFERRED: Description—5% non-cumulative Preference shares, redeemable at \$10.20.

Par Value	\$10
Authorized	40,000
Issued	19,799 subsequently redeemed and cancelled.
% Owned by Parent	n/a

Van Der Hout
ASSOCIATES LIMITED

ANNUAL REPORT 1968

Van Der Hout

ASSOCIATES LIMITED

DIRECTORS AND OFFICERS

John Bernard Van Der Hout, Toronto
President and Director

Roy A. Edwards, Toronto
Assistant to the President and Director

Victor L. Van Der Hout, Toronto
Vice-President and Director

Edward E. Noonan, Toronto
Secretary-Treasurer and Director

REGISTRAR AND TRANSFER AGENT

Guaranty Trust Company of Canada
Toronto, Ontario

HEAD OFFICE

3600 Lake Shore Blvd. West
Toronto 14, Ontario

LISTED

The Canadian Stock Exchange, Montreal.

NOTE — The Annual Meeting of Shareholders will take place in Toronto on Wednesday, May 14, 1969, at the time and place indicated in the accompanying Notice of Meeting. Information circular and proxy forms for the use of those who are unable to attend this meeting are enclosed.

TO OUR SHAREHOLDERS

1968 was a very exciting year for your Company. Our Gabriel operation achieved record sales and earnings and in the Fall of 1968, we took a very important step in our overall programme to expand the operations and profitability of your Company by acquiring Jaco Catalogue Equipment Limited, J. C. Adams Company, Limited and a majority interest in Permatex-Pep Limited.

CHANGE IN YEAR-END

The financial information included with this report covers a 16 month period — September 1st 1967 to December 31st 1968. Your Directors have decided to change the year end of your Company from August 31st to December 31st, in order to facilitate our accounting and to give you, our shareholders, a better base for comparison.

The 16 month financial statements are segregated between the 12 months ended August 31st 1968 and the 4 months ended December 31st 1968. Included in the 4 month statement are the accounts of Jaco Catalogue Equipment Limited, J. C. Adams Company Limited and Permatex-Pep Limited, from the time of acquisition only.

OPERATING RESULTS

Although sales volume for the 12 months ended August 31st 1968 was down from the previous year, operating earnings were slightly higher.

Gabriel of Canada Limited enjoyed a record year in 1968, with sales in excess of \$11,000,000. These sales produced record earnings and your Company's share of the after-tax earnings of Gabriel amounted to the equivalent of approximately 25¢ per Van Der Hout share, after the write-off of \$145,000, in deferred costs. The deferred charges arose with the 1966 plant expansion and were systematically amortized through 1967 and 1968. At December 31st, 1968, there are no deferred charges in the Gabriel accounts. The investment in Gabriel is carried at its cost of \$323,500, although your Company's share of the equity in the underlying assets of Gabriel is in excess of \$1,000,000.

The 4 months ended December 31st, 1968, showed a nominal loss which is a result of costs incurred in the acquisition of Jaco, the cost of acquiring new management to augment your management team and for reorganization generally.

NEW DIVISIONS

JACO CATALOGUE EQUIPMENT LIMITED is a manufacturer and distributor of binders, carrying cases and desk and counter stands for loose leaf material, which products have a multitude of uses in the office, industrial and automotive environment.

J. C. ADAMS COMPANY, LIMITED is a manufacturer and distributor of such well-known brand names of automotive product as ANCO Windshield Wiping Equipment, ROBERTSHAW FULTON Thermostats and Caps, JACO Windshield Wiper Motors, WHIRL Garage Creepers, DORMAN Hardware, CRC "Tool box in a can", BISHMAN Tire Service Equipment, JACO Service Station Signals and others, serving primarily the automotive aftermarket.

PERMATEX-PEP LIMITED manufactures and distributes adhesives, sealants and chemical specialties for the automotive, aeronautical and industrial fields.

WORKING CAPITAL AND SHAREHOLDERS' EQUITY

Working capital increased from \$483,000 at August 31st 1967 to \$515,000 at December 31st 1968. The net worth of your Company increased from \$853,000 to \$1,160,000. No adjustment was made for the difference between the investment in Gabriel and the value of this investment when expressed in terms of the net worth of Gabriel.

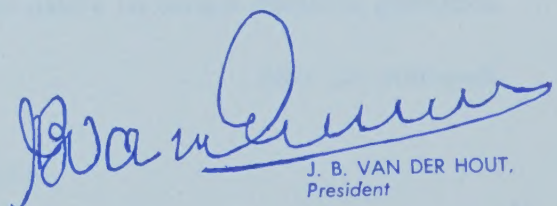
OUTLOOK

The ever-increasing demand for automotive product provides excellent opportunity for sales and earnings growth. Further, the beneficial impact on earnings by the acquisition of JACO and our reorganization is expected to materialize in 1969 and preliminary results are extremely encouraging.

APPRECIATION

We welcome to our organization the many fine people who joined us in 1968 and we thank all of our personnel for their loyalty and untiring efforts. We thank, as well, our suppliers and our customers for their continued support.

ON BEHALF OF THE BOARD OF DIRECTORS,



J. B. VAN DER HOUT,
President

Van Der Hout

ASSOCIATES LIMITED AND SUBSIDIARY

(Incorporated Under the Laws of the Province of Ontario)

ASSETS

	1968	1967
CURRENT		
Cash on hand and in bank.....	\$ 101,288	\$ 48,645
Accounts receivable, trade.....	141,592	176,306
Sundry receivables and prepayments.....	21,479	29,040
Merchandise inventory, at lower of cost and net realizable value.....	336,615	362,198
	<hr/>	<hr/>
Total current assets.....	600,974	616,189
	<hr/>	<hr/>
INVESTMENTS AND ADVANCES (Note 2).....	338,466	333,500
	<hr/>	<hr/>
FIXED ASSETS		
Equipment, at cost.....	114,289	109,664
Less accumulated depreciation and amortization.....	85,831	74,922
	<hr/>	<hr/>
	28,458	34,742
	<hr/>	<hr/>
	\$ 967,898	\$ 984,431
	<hr/> <hr/>	<hr/> <hr/>

AUDITORS' REPORT *To the Shareholders of Van Der Hout Associates Limited*

We have examined the consolidated balance sheet of Van Der Hout Associates Limited and its wholly-owned subsidiary, Nelmor Corporation (Canada) Limited, as of August 31, 1968, and the consolidated statement of earnings and retained earnings and consolidated statement of source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the consolidated financial position of the companies as of August 31, 1968 and the consolidated results of their operations and the consolidated source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

December 12, 1968.

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL
Chartered Accountants.

CONSOLIDATED BALANCE SHEET

AS OF AUGUST 31, 1968
(With comparative figures as of
August 31, 1967)

LIABILITIES

	1968	1967
CURRENT		
Accounts payable, and accrued liabilities.....	\$ 103,378	\$ 130,937
Provision for taxes on income.....	5,134	—
	<u>108,512</u>	<u>130,937</u>
SHAREHOLDERS' EQUITY		
Capital (Notes 5 and 6)		
Authorized:		
1,500,360 common shares no par value		
Issued:		
775,500 shares.....	342,504	342,504
Retained Earnings.....	516,882	510,990
	<u>859,386</u>	<u>853,494</u>
	<u>\$ 967,898</u>	<u>\$ 984,431</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

J. B. VAN DER HOUT, Director

E. E. NOONAN, Director

SEE ACCOMPANYING NOTES.

**CONSOLIDATED STATEMENT
OF INCOME AND
RETAINED EARNINGS**

FOR THE YEAR ENDED AUGUST 31, 1968

(With comparative figures for the year ended August 31, 1967)

Van Der Hout

	1968	1967
Sales, net.....	\$ 1,301,143	\$ 1,566,821
Cost of sales.....	\$ 1,074,478	\$ 1,287,723
Selling, general and administrative expenses.....	206,730 1,281,208	260,250 1,547,973
Net income from operations		
before the undernoted.....	19,935	18,848
Depreciation and amortization of fixed assets.....	9,730	12,238
	10,205	6,610
Dividend income.....	—	772
Profit on sale of marketable securities.....	—	8,887 9,659
	10,205	16,269
Provision for taxes on income.....	4,313	5,363
Net income for the year.....	5,892	10,906
Retained earnings at beginning of year.....	510,990	462,837
Profit on sale of company's shares owned by subsidiary.....	— 510,990	37,247 500,084
Retained earnings at end of year.....	\$ 516,882	\$ 510,990

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, AUGUST 31, 1968

1. BASIS OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Company and the accounts of its wholly-owned subsidiary, Nelmor Corporation (Canada) Limited.

2. INVESTMENTS AND ADVANCES

investments and advances consist of:

Common and preferred shares of Gabriel of Canada Limited at cost \$ 323,500	
Demand loan receivable, Vanal Manufacturing Company Limited....	10,000
Investments in marketable securities, at cost (market value \$4,364).	4,966
	<u>\$338,466</u>

6 The company owns 49% of the issued voting capital of Gabriel of Canada Limited and

49.8% of the issued non-voting preference shares.

3. COMMITMENTS

The Company, jointly with Nelmor, are lessees of premises under leases expiring June 17, 1976. The annual rental payable from September 1, 1968 to June 17, 1976 amounts to \$41,250 exclusive of certain occupancy costs.

The Company has guaranteed a lease expiring May 31, 1977 for premises occupied by Gabriel. The annual rental payable from September 1, 1968 to May 31, 1977 amounts to \$15,935 exclusive of certain occupancy costs.

4. NOTES RECEIVABLE AND PAYABLE — CONTRA

In 1967, Nelmor sold 24,950 common shares of the Company to the holder of notes pay-

CONSOLIDATED STATEMENT
OF SOURCE AND
APPLICATION OF FUNDS

FOR THE YEAR ENDED AUGUST 31, 1968

(With comparative figures for the year ended August 31, 1967)

SOURCE OF FUNDS	1968	1967
Operations		
Net income for the year	\$ 5,892	\$ 10,906
Items not involving an outlay of funds:		
Depreciation and amortization	9,730	12,238
	15,622	23,144
Cost of marketable securities sold		71,522
Sales of parent company's shares owned by subsidiary (Note 4)		\$ 62,755
Less: Deferred portion of notes receivable taken back on sale	—	31,378
Refund of special refundable tax	2,730	31,377
	18,352	126,043
APPLICATION OF FUNDS		
Net additions to fixed assets	3,446	19,625
Purchase of marketable securities	4,966	—
Special refundable tax	—	2,730
Reduction of long-term maturity of notes payable (Note 4)	—	15,689
	8,412	38,044
Net increase in working capital	9,940	87,999
Working capital at beginning of year	482,522	394,523
Working capital at end of year	\$ 492,462	\$ 482,522

able for \$62,755 being the balance owing on the notes at that time. At August 31, 1968 the balance due to Nelmor and the balance owing by the Company in the amount of \$31,378 has been eliminated on consolidation.

5. ACQUISITION OF SUBSIDIARIES

Effective September 25, 1968, the Company purchased 50,000 common shares of Jaco Catalogue Equipment Limited, being all of the issued voting shares of that company. As partial consideration for this purchase, the Company allotted and issued 66,666 common shares of the Company at \$4.50 per share. The vendors have entered into an agreement whereby these shares have been placed in escrow, to be released 20% annually commencing October 31, 1969 and ending October 31, 1973.

Jaco Catalogue Equipment Limited owns

100% of the issued capital of J. C. Adams Company Limited, and J. C. Adams Company Limited owns 51% of the issued capital of Permatex-Pep Limited.

The purchase of the 50,000 common shares of Jaco by Van Der Hout Associates Limited resulted in an excess cost of investment over equity in net assets acquired of \$133,922.

6. STOCK OPTIONS

Subsequent to August 31, 1968, options to purchase 50,000 common shares of the Company at \$4.00 per share were granted to certain employees, and are exercisable from November 1, 1969 to October 31, 1973.

7. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Total remuneration of directors and senior officers for the year amounts to \$36,367.

Van Der Hout

ASSOCIATES LIMITED AND SUBSIDIARY COMPANIES

(Incorporated Under the Laws of the Province of Ontario)

ASSETS

	December 31 1968	August 31 1968
CURRENT:		
Cash on hand and in bank.....	\$ —	\$ 101,288
Accounts receivable, trade.....	382,599	141,592
Sundry receivables and prepayments.....	17,351	21,479
Merchandise inventory, at lower of cost and net realizable value.....	1,143,677	336,615
	<hr/>	<hr/>
Total current assets.....	1,543,627	600,974
	<hr/>	<hr/>
INVESTMENTS AND ADVANCES (Note 2).....	338,466	338,466
	<hr/>	<hr/>
FIXED ASSETS		
Property, plant and equipment, at cost.....	330,622	114,289
Less accumulated depreciation and amortization.....	170,322	85,831
	<hr/>	<hr/>
	160,300	28,458
	<hr/>	<hr/>
OTHER:		
Excess of cost of investment in subsidiaries over equity in net assets acquired (Note 3)	246,203	—
Cash surrender value of life insurance.....	55,531	—
	<hr/>	<hr/>
	301,734	—
	<hr/>	<hr/>
	<hr/>	<hr/>
	\$ 2,344,127	\$ 967,898
	<hr/>	<hr/>

AUDITORS' REPORT To the Shareholders of Van Der Hout Associates Limited,

We have examined the consolidated balance sheet of Van Der Hout Associates Limited and its subsidiary companies as at December 31, 1968 and the consolidated statements of income and retained earnings and source and application of funds for the four months ended December 31, 1968. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations and the source and application of their funds for the four months ended December 31, 1968, in accordance with generally accepted accounting principles consistently applied throughout the period.

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 1968
(With comparative figures as of August 31, 1968)

LIABILITIES

	December 31 1968	August 31 1968
CURRENT:		
Bank indebtedness (Note 4).....	\$ 252,029	\$ —
Accounts payable and accrued liabilities.....	703,274	103,378
Provision for taxes on income	48,746	5,134
Minority interest, redeemable in 1969 (Note 5).....	24,900	—
	<hr/>	<hr/>
Total current liabilities.....	1,028,949	108,512
	<hr/>	<hr/>
LONG-TERM DEBT:		
6% mortgage payable, due June 1, 1975.....	22,000	—
	<hr/>	<hr/>
Minority interest (Note 5).....	157,736	—
Less portion redeemable in 1969.....	24,900	—
	<hr/>	<hr/>
	132,836	—
	<hr/>	<hr/>
SHAREHOLDERS' EQUITY		
Capital (Notes 3, 8):		
Authorized:		
1,500,360 Common shares, no par value		
Issued:		
842,166 Common shares.....	642,504	342,504
Retained earnings	517,838	516,882
	<hr/>	<hr/>
	1,160,342	859,386
	<hr/>	<hr/>
	\$ 2,344,127	\$ 967,898
	<hr/>	<hr/>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

J. B. VAN DER HOUT, Director

E. E. NOONAN, Director

SEE ACCOMPANYING NOTES.

**CONSOLIDATED STATEMENT
OF INCOME AND
RETAINED EARNINGS**

FOUR MONTHS ENDED DECEMBER 31, 1968

Van Der Hout

Sales, net	\$ 1,017,821
Cost of sales	\$ 762,872
Selling, general and administrative expenses	253,666 1,016,538
Net income from operations before the undernoted	1,283
Depreciation and amortization of fixed assets	7,286
	(6,003)
Minority interest in loss	1,962
Net loss for the period	4,041
Retained earnings at September 1, 1968	516,882
Add adjustment to prior period's income	4,997
Adjusted retained earnings at September 1, 1968	521,879
Retained earnings at December 31, 1968	\$ 517,838

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, DECEMBER 31, 1968

1. BASIS OF CONSOLIDATION:

The accounts of all subsidiary companies have been included in the consolidation. Three newly acquired subsidiaries (see Note 3) have been included from September 25, 1968, only, the effective date of acquisition. The company and a subsidiary, Nelmor Corporation (Canada) Limited changed their fiscal year end from August 31 to December 31, 1968. Their accounts are included in the consolidation for the four months ended December 31, 1968.

2. INVESTMENTS AND ADVANCES CONSIST OF:

Common and preferred shares of Gabriel of Canada Limited at cost	\$ 323,500
Demand loan receivable, Vanal Manufacturing Company Limited	10,000
Investments in marketable securities, at cost (market value \$2,263)	4,966
	<u>\$338,466</u>

The company owns 49% of the issued voting capital of Gabriel of Canada Limited and 49.8% of the issued non-voting preference shares. The company's interest in the net income of Gabriel for the year ended December 31, 1968 was approximately \$200,000. Gabriel is precluded from redeeming prefer-

ence shares or declaring dividends until such time as loans made to finance its 1966 expansion are repaid.

3. ACQUISITION OF SUBSIDIARIES:

Effective September 25, 1968, the company purchased 50,000 common shares of Jaco Catalogue Equipment Limited, being all of the issued voting shares of that company. As partial consideration for this purchase, the company allotted and issued 66,666 common shares of the company at \$4.50 per share. The vendors have entered into an agreement whereby these shares have been placed in escrow, to be released 20% annually, commencing October 31st, 1969 and ending October 31st, 1973.

Jaco Catalogue Equipment Limited owns 100% of the issued capital of J. C. Adams Company Limited, and J. C. Adams Company Limited owns 51% of the issued capital of Permatex-Pep Limited.

The purchase of the 50,000 common shares of Jaco by Van Der Hout Associates Limited resulted in an excess cost of investment over equity in net assets acquired of \$133,922. The balance of the excess cost as shown on the balance sheet arose upon the acquisition by Jaco of J. C. Adams Company Limited in 1961.

ASSOCIATES LIMITED
AND SUBSIDIARY COMPANIES

**CONSOLIDATED STATEMENT
OF SOURCE AND
APPLICATION OF FUNDS
FOUR MONTHS ENDED DECEMBER 31, 1968**

SOURCE OF FUNDS:

Operations:

Net loss for the period.....	\$	4,041	
Items not involving an outlay of funds:			
Depreciation and amortization	\$	7,286	
Minority interest in loss.....	(1,962)	5,324	\$ 1,283
Adjustment to prior year's income tax.....			4,350
Proceeds from stock issue (Note 3).....			300,000
Mortgage payable (exclusive of current portion)			22,000
Minority interest in net assets of subsidiaries acquired			159,698
			<u>487,331</u>

APPLICATION OF FUNDS:

Additions to property, plant and equipment (net).....	138,481	
Excess of cost of investment in subsidiaries over equity in net assets acquired.....	246,203	
Cash surrender value of life insurance acquired	55,531	
Portion of minority interest redeemable in 1969.....	24,900	465,115
Increase in working capital.....		22,216
Working capital at beginning of period.....		492,462
Working capital at end of period.....		<u>\$ 514,678</u>

4. BANK INDEBTEDNESS:

A portion of the accounts receivable and inventories are pledged as collateral for the bank indebtedness.

5. MINORITY INTERESTS:

The minority interest consists of:

1. 8,300 6% third preference shares of Jaco Catalogue Equipment Limited	\$ 124,500
2. 49% of the issued capital of Permatex-Pep Limited and related retained earnings	33,236
	<u>\$157,736</u>

The company has given the following undertaking to the preference shareholders of Jaco:

- To cause the 6% dividend to be declared each year on the outstanding third preference shares of Jaco
- To cause the redemption of the 8,300 third preference shares at \$15 par value over a period of five years, 20% each year, commencing October 31, 1969.

6. COMMITMENTS:

The company and its subsidiaries occupy certain premises under leases which expire at various dates up to 1976. Exclusive of certain occupancy costs and escalations resulting from property tax increases, the annual rental

commitments are as follows:

1968 - 1970	\$75,559
1971 - 1976	\$41,250

The company has guaranteed a lease which expires in 1977 for premises occupied by Gabriel of Canada Limited. The annual rental, exclusive of certain occupancy costs amounts to \$15,935.

7. NOTES RECEIVABLE AND PAYABLE — CONTRA:

In 1967, Nelmor sold 24,950 common shares of the company to the holder of notes payable for \$62,755, being the balance owing on the notes at that time. At December 31st, 1968, the balance due to Nelmor and the balance owing by the company, in the amount of \$31,378, has been eliminated on consolidation.

In 1969, the balances on the notes receivable and payable were repaid.

8. STOCK OPTION:

Options to purchase 50,000 common shares of the company at \$4.00 per share were granted to certain employees, and are exercisable from November 1st, 1969 to October 31st, 1973.

9. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS:

Total remuneration of directors and senior officers for the period amounts to \$23,900.

VAN DER HOUT ASSOCIATES LIMITED

Gabriel of Canada Limited (49%) J. C. Adams Company Limited
Jaco Catalogue Equipment Limited Permatex-Pep Limited (51%)
Nelmor Corporation (Canada) Limited

SUBSIDIARY COMPANIES

Name: Permatex-Pep Limited

Address: 50 Mill Street, Orangeville, Ontario

Date of Incorporation: January 12, 1932

Manner of Incorporation: Letters Patent — Canada

Nature of Business: Manufactures and distributes specialty chemicals and sealants to the automotive, industrial, and aeronautical fields.

CAPITAL STOCK:

COMMON:	Par Value	n.p.v
	Authorized	50,000
	Issued	1,000
	% Owned by Parent	51%

PREFERRED:	Description—6% Cumulative First Preference shares, redeemable at par.	
	Par Value	\$10
	Authorized	4,000
	Issued	None
	% Owned by Parent	n/a

ASSOCIATE COMPANY

Name: Gabriel of Canada Limited

Address: 3600 Lakeshore Boulevard West, Etobicoke

Date of Incorporation: November 12, 1959

Manner of Incorporation: Letters Patent — Ontario

Nature of Business: Manufactures and distributes shock absorbers and ride-control equipment for automotive and other applications.

CAPITAL STOCK:

COMMON:	Par Value	\$1
	Issued	50,000
	Authorized	105,000
	% Owned by V.D.H.	49%

PREFERRED:	Description—3% non-cumulative Preference shares, redeemable at par.
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COMMON:	Par Value	\$1
	Authorized	950,000
	Issued	600,000
	% Owned by V.D.H.	49.8%

VAN DER HOUT ASSOCIATES LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET

	September 30 1969 (Unaudited)	December 31 1968 (Audited)
ASSETS		
Current:		
Cash	\$ 15,646	\$ —
Accounts receivable, trade	572,134	382,599
Sundry receivables and prepayments	40,814	17,351
Merchandise inventory, estimated at lower of cost and net realizable value	1,049,307	1,143,677
Total current assets	<u>1,677,901</u>	<u>1,543,627</u>
Investments and advances, at cost	<u>338,466</u>	<u>338,466</u>
Property, plant and equipment (net)	<u>149,794</u>	<u>160,300</u>
Other:		
Excess of cost in investment in subsidiaries over equity in net assets acquired	246,203	246,203
Cash surrender value of life insurance	53,791	55,531
	<u>299,994</u>	<u>301,734</u>
	<u><u>\$2,466,155</u></u>	<u><u>\$2,344,127</u></u>

LIABILITIES

Current:		
Bank indebtedness	\$ 472,261	\$ 252,029
Accounts payable and accrued liabilities	448,029	703,274
Estimated income taxes payable	77,914	48,746
Minority interest, redeemable in 1969	24,900	24,900
Total current liabilities	<u>1,023,104</u>	<u>1,028,949</u>
Long-term debt:		
6% mortgage payable, due June 1, 1975	20,000	22,000
Minority interest	<u>165,736</u>	<u>157,736</u>
Less portion redeemable in 1969	24,900	24,900
	<u>140,836</u>	<u>132,836</u>

SHAREHOLDERS' EQUITY

Capital:		
Authorized:		
1,500,360 Common shares, no par value		
Issued:		
842,166 Common shares	642,504	642,504
Retained earnings	639,711	517,838
	<u>1,282,215</u>	<u>1,160,342</u>
	<u><u>\$2,466,155</u></u>	<u><u>\$2,344,127</u></u>

VAN DER HOUT ASSOCIATES LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS NINE MONTHS ENDED SEPTEMBER 30, 1969

UNAUDITED

Sales		\$2,996,878
Cost of sales	\$2,148,678	
Selling, general and administrative expenses	579,549	2,728,227
Income from operations before the undernoted		268,651
Depreciation and amortization of fixed assets		14,778
Income before income taxes		253,873
Estimated income taxes		124,000
Net income before minority interest		129,873
Minority interest		8,000
Net income		121,873
Retained earnings at the beginning of period		517,838
Retained earnings at the end of period		<u>\$ 639,711</u>

NOTE: None of Van Der Hout's equity in the net income of Gabriel of Canada Limited has been included in the foregoing statements.

VAN DER HOUT ASSOCIATES LIMITED RECONSTRUCTED STATEMENTS OF OPERATIONS

1964 - 1968 (\$000s)

	1964	1965	1966	1967	1968
CONSOLIDATED SALES (Note 1)	\$4,152	\$4,348	\$4,147	\$4,200	\$3,753
Cost of Goods Sold, Selling and Administrative Expenses	3,866	4,021	3,894	3,986	3,545
PRE-TAX EARNINGS	286	327	253	214	208
Estimated Income Taxes	139	160	121	101	100
Minority Interests	—	—	1	11	6
	139	160	122	112	106
NET INCOME — V.D.H. Consolidated (Note 1)	147	167	131	102	102
V.D.H. Share of Gabriel Net After-Tax Income (Note 2)	65	103	115	135	185
TOTAL NET INCOME To V.D.H. Shareholders	\$ 212	\$ 270	\$ 246	\$ 237	\$ 287

NOTES TO RECONSTRUCTED STATEMENTS OF OPERATIONS

NOTE 1: The operations of Van Der Hout Associates Limited have been reconstructed on a Pooling of Interest basis and include:

Van Der Hout Associates for the years ended August 31st, 1964-1968.

Nelmor Corporation (Canada) Limited for the years ended July 31st, 1964-1965, and August 31st for the years 1966, 1967, and 1968.

Jaco Catalogue Equipment Limited, J. C. Adams Company Limited, and Permatex-Pep Limited are for the years ended December 25th, 1964-1968.

NOTE 2: Van Der Hout Associates Limited owns 49% of Gabriel of Canada Limited and controls management. Consequently the share of Gabriel's net income accruing to the Van Der Hout shareholder has been included on the equity basis in order to more accurately reflect the operations of the group.

Gabriel of Canada Limited's sales for the years 1964 to 1968 were:

1964 —	\$ 2,336,000
1965 —	2,883,000
1966 —	5,767,000
1967 —	8,820,000
1968 —	11,238,000

All Gabriel figures are for the year ended December 31st.

